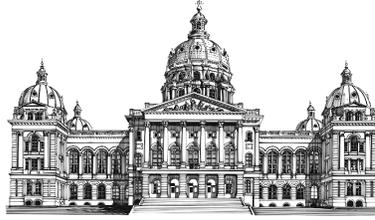

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Board of Regents Tuition Growth

ISSUE

This *Issue Review* reviews tuition growth at the Board of Regents institutions.

AFFECTED AGENCIES

Board of Regents

CODE AUTHORITY

Section 262.9(18), Code of Iowa

BACKGROUND

The Board of Regents has the authority to set tuition rates at each of the three public four-year universities: the University of Iowa (SUI), Iowa State University (ISU), and the University of Northern Iowa (UNI). Statute requires the Board to set the tuition rates for the following year by November. For example, the Board will approve tuition rates for fall 2004 in November 2003.

The Board of Regents tuition policy reads as follows:

“Resident undergraduate tuition at the Regents universities shall be set annually to keep pace with the Higher Education Price Index (HEPI) and to provide support to finance university programs at a level sufficient to implement the Board’s aspirations for excellence as outlined in the Board’s strategic plan.”

The universities typically use increased revenues from tuition for the following:

- Attracting and retaining quality faculty.
- Building repair and classroom modernization.
- Technology and instructional improvements.
- Library materials.

Historically, the Board has also required that each university set aside a portion of each tuition increase for student financial aid to assist students with the increased cost of attendance.

CURRENT SITUATION

In recent years, as a response to reductions in State General Fund appropriations, the Board has approved increases in tuition rates, as illustrated in the following chart.

Resident Undergraduate Tuition Rates

Academic Year	Resident Undergraduate Tuition	Dollar Increase	Percentage Increase
1999-2000	\$2,786	\$120	4.5%
2000-2001	\$2,906	\$120	4.3%
2001-2002	\$3,116	\$210	7.2%
2002-2003	\$3,692	\$576	18.5%
2003-2004	\$4,342	\$650	17.6%
2004-2005	\$4,702	\$360	8.3%

Even with these increases, Iowa's tuition rates compare favorably with comparable institutions nationally (see **Attachment A**). The University of Iowa and Iowa State University compare favorably with schools in their respective athletic conferences (see **Attachment B**). In November 2003, *Kiplinger*, a financial advice publication, ranked all three Iowa public universities in the top 50 best values in public colleges nationally.

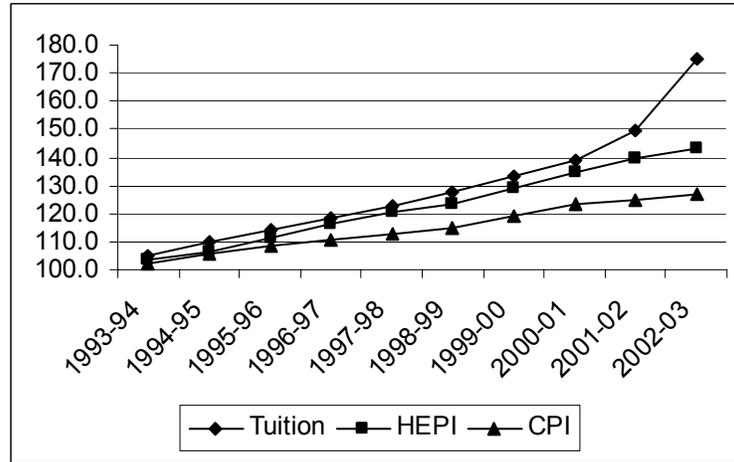
The trend of reduced State appropriations and increases in tuition is occurring nationally. The *Chronicle of Higher Education* recently reported the average price of tuition and fees at four-year public colleges for 2003-04 increased 14.0% over the previous year. Tuition at public two-year colleges increased almost 14.0%, and prices at private colleges increased 6.0%. The undergraduate tuition and fees at the Board of Regents institutions is below the national average of \$4,694 for public four-year colleges for 2003-04. The *Chronicle* article stated, "state budget cuts led to much of the increase in tuition at public colleges, a finding that drew criticism from lawmakers who want colleges to hold down their costs."¹

However, in Iowa, tuition increases at the Board of Regents universities has exceeded both the Consumer Price Index (CPI) and the Higher Education Price Index (HEPI), for at least 10 years, even prior to State appropriation reductions, as shown in the following chart.

¹From an article entitled "Public-College Tuition Rise Is Largest in 3 Decades" in the October 31, 2003, issue of *The Chronicle of Higher Education*.

Cumulative Growth of Iowa Undergraduate Resident Tuition Compared to Consumer and Higher Education Price Indexes

Base Year = FY 1994



BUDGET IMPACT

The table below illustrates the change in State appropriations compared to the change in tuition revenues.

Year	State Appropriations Board of Regents	Dollar Change From Prev. Year	Gross Tuition Revenues	Dollar Change From Prev. Year
FY 2000	\$702,456,884		\$276,196,715	
FY 2001	\$722,953,183	\$ 20,496,299	\$295,514,975	\$ 19,318,260
FY 2002	\$667,707,434	-55,245,749	\$338,570,832	43,055,857
FY 2003	\$599,344,634	-68,362,800	\$409,622,144	71,051,312
FY 2004	\$604,598,613	5,253,979	\$474,951,702	65,329,558
Cumulative Change		\$ -97,858,271		\$ 198,754,987

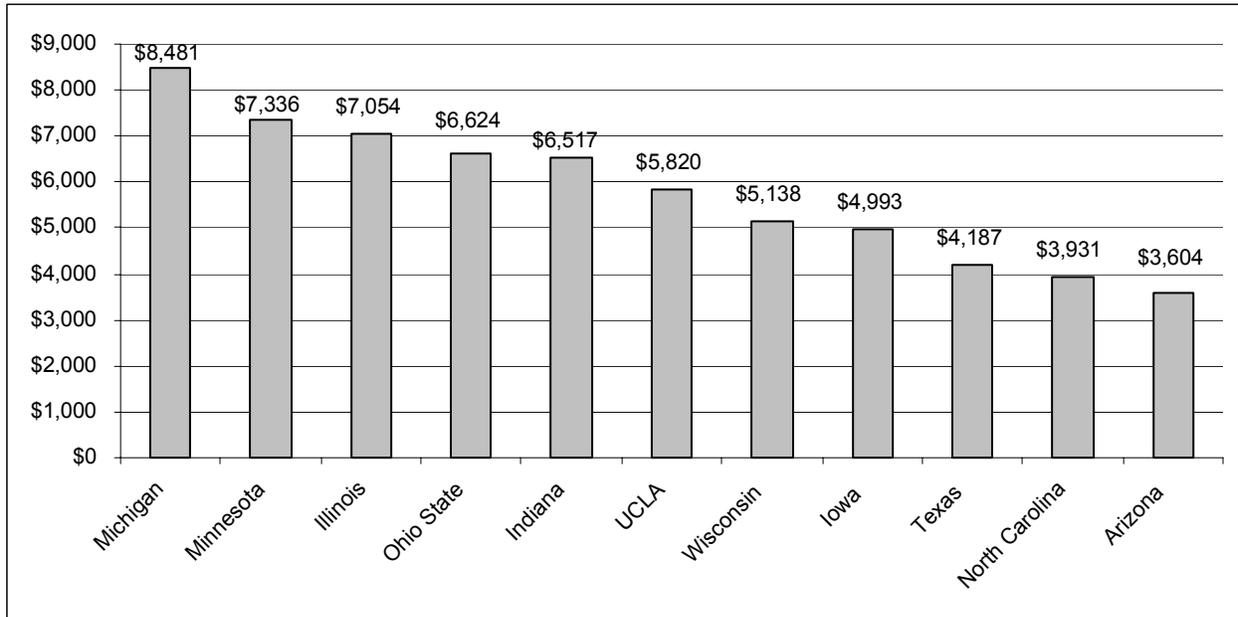
Note: State appropriations include General Fund only from the Education and Economic Development Appropriations Subcommittees. The appropriations for FY 2004 reflect the 2.5% across-the-board reduction made in October 2003. State funding shown here does not include other funds such as tobacco or infrastructure funds for tuition replacement or salaries. The number for gross tuition revenues for FY 2004 is the amount budgeted. Gross tuition revenues for FY 2000 through FY 2003 are actual revenues from all funds (general and restricted).

This data indicates that State General Fund appropriations for the Board have resulted in a cumulative decrease of \$97.9 million since FY 2000. However, the cumulative increase in gross tuition revenue of \$198.8 million has offset the State funding decrease by more than \$100.0 million.

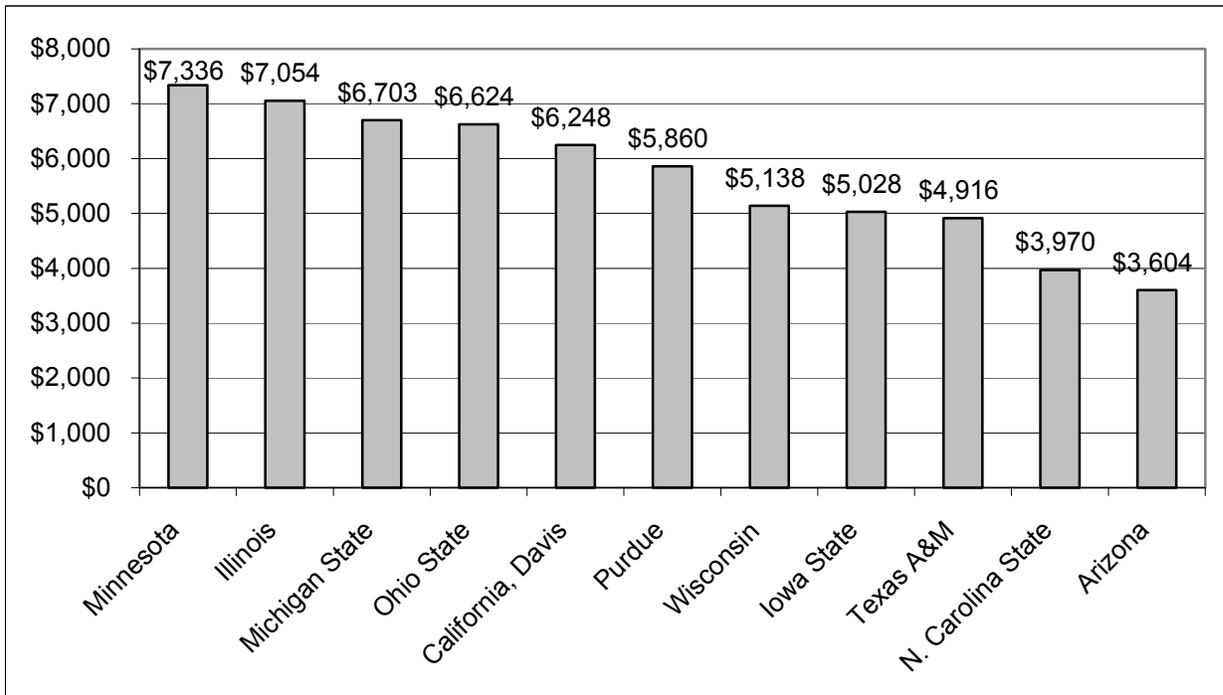
STAFF CONTACT: Mary Shipman (Ext. 14617)

FY 2004 Undergraduate Tuition and Fees Among Similar Institutions

University of Iowa

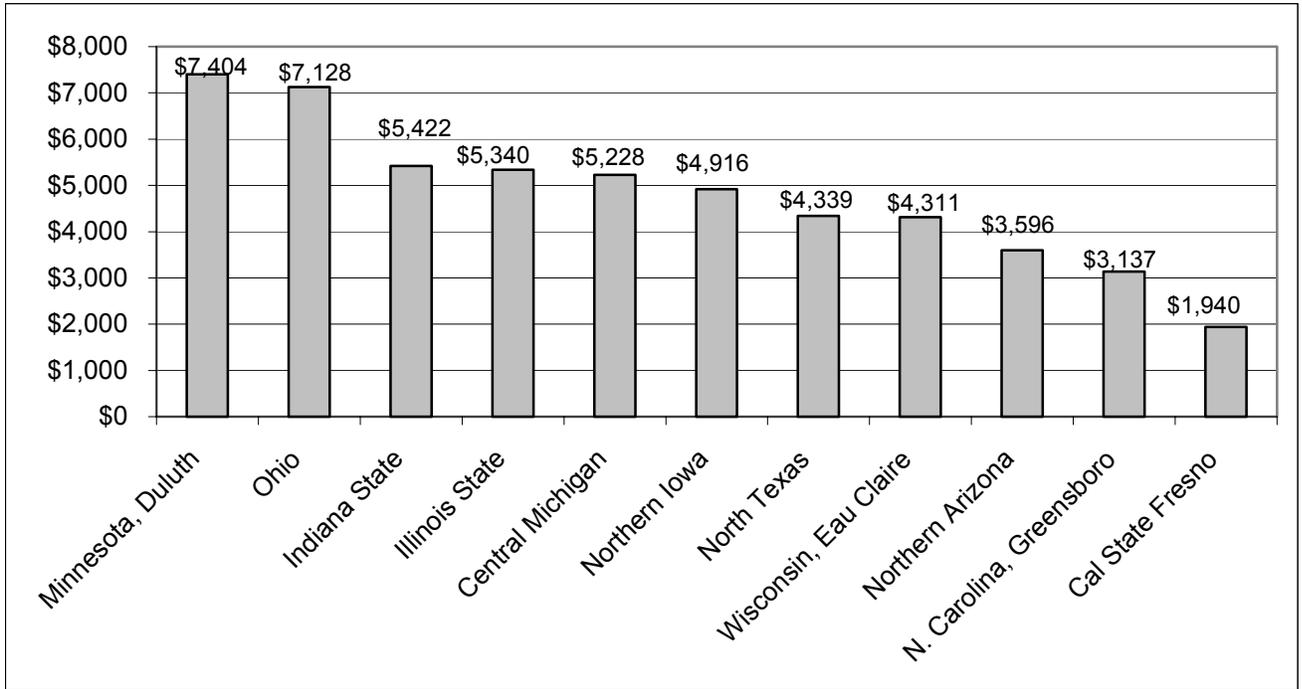


Iowa State University

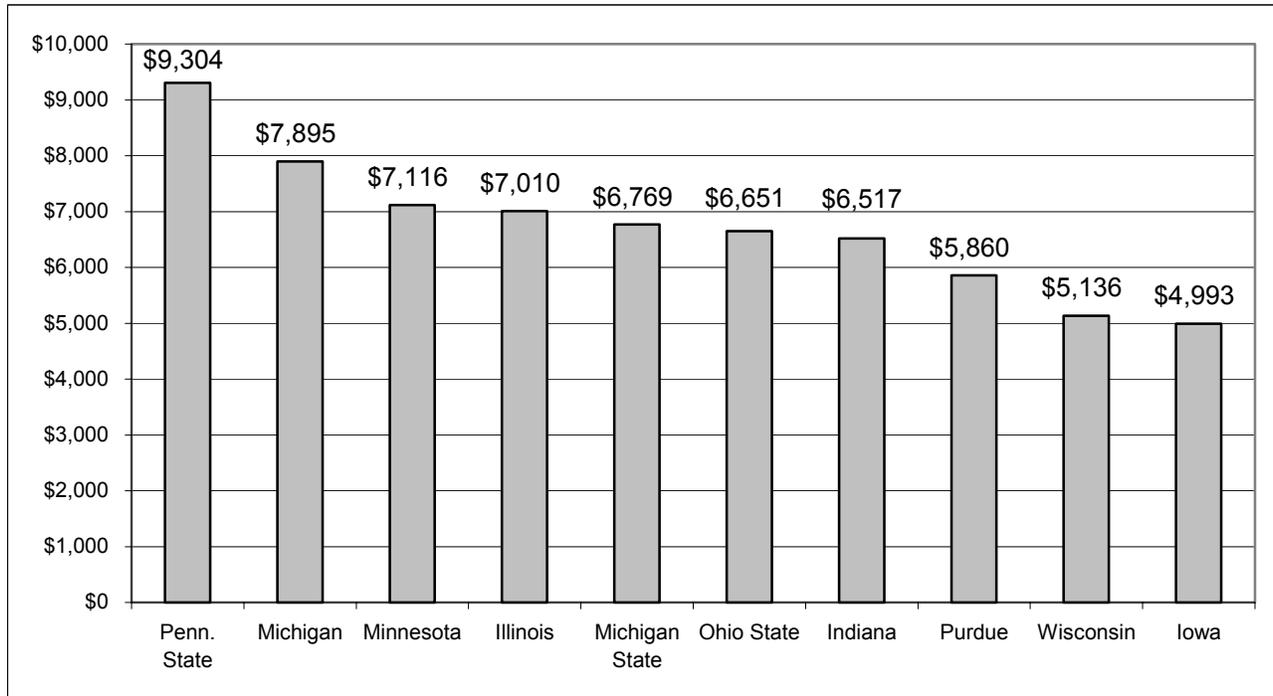


FY 2004 Undergraduate Tuition and Fees Among Similar Institutions

University of Northern Iowa



**Undergraduate Tuition and Fees Among National Collegiate Athletic Association (NCAA)
Big 10 Institutions
University of Iowa**



**Undergraduate Tuition and Fees Among National Collegiate Athletic Association (NCAA)
Big 12 Institutions
Iowa State University**

